



Transaction Privilege Tax Changes and News

This publication is an informational notice included with the June 2006 Transaction Privilege Tax Return.

TOWN OF BUCKEYE

Effective August 1, 2006: On May 16th, 2006 the Mayor and Town Council of the Town of Buckeye passed ordinance number 41-06. Ordinance 41-06 increases the Buckeye Town Privilege Tax on Construction Contracting, section 415, 416 and 417 from **2% to 3%**. The tax on Construction Contracting shall be reported using **BE015**.

This increase imposed by ordinance 41-06 shall not apply to construction contracts entered into prior to the effective date of the ordinance. Pre-existing construction contracts should be reported using **BE008** at a rate of **2%**.

CITY OF CASA GRANDE

Effective August 1, 2006: On May 15th, 2006 the Mayor and City Council of the City of Casa Grande passed ordinance number 1397.03.07. Ordinance 1397.03.07 increases the Casa Grande City Privilege Tax on Construction Contracting Section 415, 416 and 417 from **1.8% to 4%**. The tax on Construction Contracting shall be reported using **CG015**.

This increase imposed by ordinance 1397.03.07 shall not apply to construction contracts entered into prior to the effective date of the ordinance. Pre-existing construction contracts should be reported using **CG009** at a rate of **1.8%**.

TOWN OF FLORENCE

Effective March 1, 2006: On December 5th, 2005 the Mayor and Town Council of the Town of Florence passed ordinance number 412-05. Ordinance 412-05 increases the Florence Town Privilege Tax on Construction Contracting Section 415, 416 and 417 from **2% to 4%**. The tax on Construction Contracting shall be reported using **FL015**.

This increase imposed by ordinance 412-05 shall not apply to construction contracts entered into prior to the effective date of the ordinance. Pre-existing construction contracts should be reported using **FL009** at a rate of **2%**.

TOWN OF PINETOP/LAKESIDE

Effective August 1, 2006: On May 18th, 2006 the Mayor and Town Council of the Town of Pinetop/Lakeside passed ordinance number 06-269. Ordinance 06-269 adopted Local Option V which modifies Section 8A-460-Retail Sales, of the Town Tax Code. Option V, imposes a two-tier tax on retail sales for single items that exceed \$5,000.

If a **single item** is sold at a cost that exceeds **\$5,000**, the first \$5,000 is taxed at **2.5%** using **PP000**; however, the portion that exceeds \$5,000 shall be taxed at **1.5%** using **PP005**.

TOWN OF MARANA

Effective August 1st, 2006: On June 6th, 2006 the Mayor and Town Council of the Town of Marana passed ordinance number 2006-13. Ordinance 2006-13 decreases the Marana Town Privilege Tax from **2.5% to 2%**. The tax rate decrease affects the following classifications:

Amusements; Job printing; Manufactured buildings; Timbering and other extraction; Publishing; Rental Occupancy; Hotels; Rental of real property; Rental of tangible personal property; Retail sales; Restaurants and Bars; Transporting for hire and Use Tax.

Ordinance 2006-13 decreases the **Additional Tax on Transient Lodging from 3.5% to 3%**. The Additional Tax on Transient Lodging shall be reported using **Code MA003**. The total city rate for transient lodging is **5%, 2%** which is reported using code **MA000** and **3%** which is reported using code **MA003**.

Ordinance 2006-13 also decreases the Marana Privilege Tax from **4.5% to 4%** on the following classifications:

Construction Contracting (sections 8-415, 8-416 & 8-417); Telecommunications and Utilities.

PIMA COUNTY TRANSPORTATION EXCISE TAX EFFECTIVE JULY 1, 2006

On May 16, 2006 voters approved the levy of a Pima County Transportation Excise Tax **effective July 1, 2006**. The Transportation Tax is to be applied at 10% of the January 1, 1990 Transaction Privilege Tax rate levied by the State of Arizona, (.5% or .005 for most business classifications), as stated in A.R.S. §42-6106. The total combined rate for most transactions will be 6.1%.

This tax will apply to the Commercial Lease classification described in A.R.S. §42-5069. The total rate for those transactions will be 0.5%. Businesses with activity under this classification that are not otherwise licensed with the Arizona Department of Revenue must complete the Arizona Joint Tax application and submit the appropriate licensing fees.

The rate change will affect the following classifications:

Class Code	Description	Old Rate	New Rate
002	Non metal Mining	3.125%	3.437%
004	Utilities	5.6%	6.1%
005	Communications	5.6%	6.1%
006	Transporting	5.6%	6.1%
007	Private Railcar	5.6%	6.1%
008	Pipelines	5.6%	6.1%
009	Publishing	5.6%	6.1%
010	Job Printing	5.6%	6.1%
011	Restaurant & Bar	5.6%	6.1%
012	Amusements	5.6%	6.1%
013	Commercial Lease	0.0%	0.5%
014	Rentals of Personal Property	5.6%	6.1%
015	Prime Contracting	5.6%	6.1%
017	Retail	5.6%	6.1%
025	Transient Lodging (Hotel/Motel)	5.5%	6.05%
029	Use Tax	5.6%	5.6%
030	Use Tax Inventory	5.6%	5.6%
037	Owner/Builder Contracting	5.6%	6.1%
047	Membership Camping	5.6%	5.6%
049	Jet Fuel Excise Tax	3.05¢	3.355¢

For prime contractors reporting under Class 15 *only*, prime contracting contracts entered into prior to the May 16, 2006 election may not be subject to the increase in the tax rate under specific conditions approved by the Department.

For more information, contact the Department's Taxpayer Information & Assistance Section at (602) 255-2060 or (800) 843-7196, or check our web site (www.azdor.gov).



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